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Attorneys for Defendant
 Shipowners' Insurance and Guaranty Company Ltd.

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,)	Civil No. CV-07-6045 SC
)	
Plaintiff,)	IN ADMIRALTY
)	
v.)	

M/V COSCO BUSAN, LR/IMO Ship No.)	ANSWER OF SHIPOWNERS'
9231743, her engines, apparel, electronics, tackle,)	INSURANCE and GUARANTY
boats, appurtenances, <i>etc.</i> , <i>in rem</i> , THE)	COMPANY LTD.
SHIPOWNERS' INSURANCE and GUARANTY)	
COMPANY LTD., REGAL STONE LIMITED,)	
FLEET MANAGEMENT LTD., and JOHN)	
COTA, in personam,)	
)	
Defendants)	

1 The Shipowners' Insurance and Guaranty Company Ltd. (hereafter "SIGCo"), by and
2 through its attorneys, McGuireWoods, LLP, for its Answer to the Verified Complaint of the
3 United States, alleges on information and belief, as follows:

4 1. Admits this is a case of admiralty and maritime jurisdiction, and brought under the
5 Oil Pollution Act of 1990 ("OPA") against SIGCo, but except as so admitted, denies that this
6 action is brought against SIGCo under the National Marine Sanctuary Act ("NMSA") or the Park
7 Resources Protection Act ("PRPA"); and further denies knowledge or information as to the
8 remaining allegations of Paragraph 1 of the Verified Complaint.

9 2. Avers that Paragraph 2 states no allegations to which a response is required, but to
10 the extent a response is required, denies the allegations of Paragraph 2 of the Verified Complaint.

11 3. Admits jurisdiction as to SIGCo pursuant to 28 U.S.C. § 1345 and 33 U.S.C. §
12 1321 and 2717, but except as so admitted, denies as to SIGCo the remaining allegations of
13 Paragraph 3 of the Verified Complaint.

14 4. Admits venue as to SIGCo pursuant to 28 U.S.C. § 1391 and 1395, but except as so
15 admitted, denies as to SIGCo the remaining allegations of Paragraph 4 of the Verified Complaint.

16 5. Denies knowledge or information sufficient to form a belief as to the allegations of
17 Paragraph 5 of the Verified Complaint.

18 6. Admits that SIGCo provided a Guaranty (the "SIGCo Guaranty") of evidence of
19 financial responsibility under the Oil Pollution Act of 1990 ("OPA"), in accordance with the terms
20 of the SIGCo Guaranty and its Standard Terms and Conditions effective 28th December, 1997
21 ("SIGCo's ST&C"), to the Operators of the M/V COSCO BUSAN, but except as so admitted,
22 denies the remaining allegations of Paragraph 6 of the Verified Complaint.

23 7. Admits that it provided the SIGCo Guaranty to the Operators of the COSCO
24 BUSAN, and that the United States is entitled to bring its claim directly against SIGCo to the
25 extent such claims are brought for removal costs and damages under OPA pursuant to the SIGCo
26 Guaranty, but except as so admitted, denies the remaining allegations of Paragraph 7 of the
27 Verified Complaint.

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1 8. Denies knowledge or information sufficient to form a belief as to the allegations of
2 Paragraphs 8-28 of the Verified Complaint.

3 9. Admits that SIGCo may have certain obligations relating to financial responsibility
4 under OPA with respect to the Cosco Busan Incident, as defined in the Verified Complaint, which
5 are subject to all of its rights, defenses and limitations set out in the SIGCo Guaranty and specified
6 therein, and SIGCo's ST&C, but except as so admitted, denies the remaining allegations of
7 Paragraph 29 of the Verified Complaint as they pertain to SIGCo.

8 10. Denies knowledge or information sufficient to form a belief as to the allegations of
9 Paragraph 30 of the Verified Complaint.

10 11. Avers that Paragraph 31 of the Verified Complaint contains no allegations to which
11 a response is required.

12 12. Denies knowledge or information sufficient to form a belief as to the allegations of
13 Paragraphs 32-34 of the Verified Complaint.

14 13. Denies that SIGCo is liable for any damages under or pursuant to the NMSA and
15 that its only obligation is to respond for removal costs and damages under OPA, subject to all of
16 its rights, defenses and limitations as set out in the SIGCo Guaranty and specified therein, and
17 SIGCo's ST&C, and therefore denies the allegations of Paragraph 35 of the Verified Complaint as
18 they pertain to SIGCo.

19 14. Avers that Paragraph 36 of the Verified Complaint contains no allegations to which
20 a response is required.

21 15. Denies knowledge or information sufficient to form a belief as to the allegations of
22 Paragraphs 37-38 of the Verified Complaint.

23 16. Admits the allegations of Paragraphs 39 of the Verified Complaint.

24 17. Denies knowledge or information sufficient to form a belief as to the allegations of
25 Paragraph 40 of the Verified Complaint.

26 18. Admits the allegations of Paragraph 41 of the Verified Complaint to the extent that
27 liability under OPA, 33 U.S.C. § 2702(a) and (b), provides for strict liability for each responsible
28

1 party, but such liability is subject to certain defenses, limitations and exceptions as specified in
2 OPA.

3 19. Denies knowledge or information sufficient to form a belief as to the allegations of
4 Paragraph 42 of the Verified Complaint; except admits that SIGCo may have certain obligations
5 relating to financial responsibility under OPA which are subject to all of its rights, defenses and
6 limitations set out in the SIGCo Guaranty and specified therein, and SIGCo's ST&C.

7 20. Avers that Paragraph 43 of the Verified Complaint contains no allegations to which
8 a response is required.

9 21. Admits the allegations of Paragraph 44 of the Verified Complaint.

10 22. Denies knowledge or information sufficient to form a belief as to the allegations of
11 Paragraph 45 of the Verified Complaint.

12 23. Denies knowledge or information sufficient to form a belief as to the allegations of
13 Paragraph 46 of the Verified Complaint; except admits that SIGCo may have certain obligations
14 relating to financial responsibility under OPA which are subject to all of its rights, defenses and
15 limitations set out in the SIGCo Guaranty and specified therein, and SIGCo's ST&C.

16 24. Avers that Paragraph 47 of the Verified Complaint contains no allegations to which
17 a response is required.

18 25. Denies knowledge or information sufficient to form a belief as to the allegations of
19 Paragraph 48 of the Verified Complaint; except admits that SIGCo may have certain obligations
20 relating to financial responsibility under OPA which are subject to all of its rights, defenses and
21 limitations set out in the SIGCo Guaranty and specified therein, and SIGCo's ST&C.

22 26. Avers that Paragraph 49 of the Verified Complaint contains no allegations to which
23 a response is required.

24 27. Denies knowledge or information sufficient to form a belief as to the allegations of
25 Paragraphs 50-51 of the Verified Complaint.

26 28. Denies that SIGCo has any liability under the PSRPA since its only liability is for
27 removal costs and damages under OPA, subject to all of its rights, defenses and limitations
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1 contained in the SIGCo Guaranty and specified therein, and SIGCo's ST&C, therefore denies the
2 allegations of Paragraph 52 of the Complaint as they pertain to SIGCo.

3
4 FIRST AFFIRMATIVE DEFENSE

5 29. Should it be proved at trial that those for whom SIGCo provided the SIGCo
6 Guaranty committed acts which entitle SIGCo to a complete defense under the SIGCo Guaranty
7 and SIGCo's ST&C against any liability for the acts complained of, SIGCo has no liability for any
8 claims alleged in the Verified Complaint.

9 SECOND AFFIRMATIVE DEFENSE

10 30. Any obligation to pay any amounts claimed in this action is subject to the rights of
11 SIGCO to limit its liability pursuant to OPA and regulations issued thereunder, SIGCo's ST&C
12 and the SIGCo Guaranty.

13 THIRD AFFIRMATIVE DEFENSE

14 31. The payment obligations of SIGCo have been fully satisfied in accordance with all
15 governing statutes and regulations and under SIGCo's ST&C and under the SIGCo Guaranty since
16 all amounts paid for OPA removal costs and damages in connection with the Cosco Busan
17 Incident by or on behalf of the owners, operators and demise charterers have exceeded the amount
18 of SIGCo's limited liability obligation.

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20 FOURTH AFFIRMATIVE DEFENSE

21 32. Should it be proved that those for whom SIGCo provided the SIGCo Guaranty
22 committed acts which entitle SIGCo to a partial defense under the SIGCo Guaranty, SIGCo's
23 ST&C and under the relevant statutes and regulations against any liability for the acts complained
24 of, SIGCo has no liability to the extent of such partial defense for any claims alleged in the
25 Verified Complaint.

FIFTH AFFIRMATIVE DEFENSE

33. The events complained of in the Verified Complaint do not constitute claims made under OPA or CERCLA, therefore SIGCo has no liability to the United States of America.

SIXTH AFFIRMATIVE DEFENSE

34. Should it be proved that those for whom SIGCo provided the SIGCo Guaranty are entitled to any complete or partial defenses available to them under OPA or CERCLA, those same defenses are available to SIGCo.

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1 WHEREFORE, SIGCo requests that the Verified Complaint against it be in all respects
2 dismissed with prejudice and that judgment be entered in favor of SIGCo for its costs, and for
3 such other, further or different relief as may be appropriate.

4 Respectfully submitted,

5 DATED: January__, 2008

MCGUIREWOODS LLP

7 By: /s/
8 Sidney K. Kanazawa
9 Attorneys for Defendant Shipowners' Insurance
and Guaranty Company Ltd.